



HOME Rental Project

2014 Application

Training

Allocation HOME Team Members

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Application Due

Applications Open:

December 17, 2013 at 8:00am

(You will not be able to view the application prior to this date)

Due Date:

January 14, 2014 by 4:30 PM

Please submit application early in case of
technical difficulties.

2014 Funding

**Estimated HOME allocation and
available funding for this round is
\$5,500,000**

Eligible Applicants

Eligible applicants for HOME assistance include public, for-profit, and non-profit entities.

HOME Rental Overview

- HOME rental funds may be used for acquisition, new construction or rehabilitation of single-family and multi-family housing
- \$1,000,000 is IFA's maximum HOME investment per project
- The applicable 221(d)(3) limits are IFA's maximum HOME investment per unit

Maximum HOME Investment

- Maximum HOME investment per unit is further determined by cost allocation – the project percentage of HOME-assisted units must at least equal the percentage of HOME funding in the project budget
- Per unit funding can be more complicated if the units are not comparable

Form of HOME Subsidy

- Structured as a loan
- 0% interest
- Hard debt - must be repaid
- Up to 30 year amortization
- Variable payments based on maintaining Debt Service Coverage Ratio in Proforma

Form of HOME Subsidy

- Payments are subject to change based on annual review of financial performance
- Forgiveness of any portion of the loan is subject to policy in effect at time of maturity

Eligible Costs

- Eligible costs include:
 - Land and/or building acquisition
 - Site preparations or improvement
 - Construction materials and labor
 - Most soft costs
- IFA prefers to reimburse costs for construction materials and labor

Eligible Costs

- Land and/or building acquisition:
 - Market value must be determined by an appraisal performed by an independent, MAI certified appraiser
 - The appraisal method must conform with generally recognized practices and procedures
 - The appraisal must be no more than 180 days old on the date it is submitted to IFA
 - Appraisal must be supplied to IFA within 30 days following the Application due date

Unit Designations

- All HOME units must be fixed or floating
- Fixed means the HOME units are designated up front and never change
- Floating means the HOME units may change over time so long as the total number of HOME-assisted units in the project remains constant
- Floating designation requires that the HOME and non-HOME units must be comparable in amenities and square footage

Property Standards

- All housing acquired, constructed, or rehabilitated with HOME funds must meet all applicable state and local codes
- All new construction must obtain Energy Star 3 certification, as verified by an Energy Star rater

Affordability Periods

- HOME-assisted units must remain affordable for a number of years depending on the investment
 - 5 years for rehab or acquisition of less than \$15,000 per unit
 - 10 years for rehab or acquisition between \$15,000 and \$40,000 per unit
 - 15 years for rehab or acquisition of more than \$40,000 per unit

Affordability Periods

- All new construction or acquisition of new housing must have an affordability period of 20 years
- If there is the potential of prior HOME investment in the property, please contact IFA to determine whether the property is eligible for additional HOME funding

HOME Rents

- HOME units must be rented to income-eligible tenants at rent limits established by HUD
- Maximum HOME rents must be reduced if a tenant pays for their own utilities

Income Eligibility

- 90% of the total households assisted must have incomes below 60% AMI
- In projects of five or more HOME-assisted units, at least 20% of the HOME-assisted units must be rented to those that are at or below 50% AMI throughout the affordability period
- All eligibility must be verified through source documents and recertified annually

Acquisition and Relocation



Any project being funded with Iowa Finance Authority HOME funds that will result in either the Temporary Relocation or Permanent Displacement of current tenants *must* comply with Iowa Finance Authority Relocation Assistance Policy and with all of the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA).

Due to the complexity and significance of the relocation requirements,

IFA reserves the right to require applicants to hire qualified third-party contractors or consultants if the applicant organization does not have the experience or expertise to adequately administer the URA and Section 104(d) requirements.

Notification Requirements

Applicants acquiring property must submit as part of the Initial Application a copy of the [Notice to Seller – Voluntary Acquisition Notice](#) with the **signed** Owner Receipt of Information.

This notification is an acknowledgement by the seller that they are aware that the buyer did not have the power of eminent domain at the time the contract for sale was entered into and that the seller is not eligible for any relocation benefits.

The “Fair Market Value” estimate must have been prepared by a person familiar with real estate values and **IFA must have an explanation of the basis for the estimate.**

Project Planning

At an early stage in the planning process, you or your relocation consultant, should meet and talk with the occupants of the site to be acquired, rehabilitated or demolished.

To the extent necessary and feasible, an on-site survey of occupants should be conducted before initiation of a project.

Optional guide forms are available on the IFA HOME program website that can be used to track detailed occupant information.

PRE-QUALIFYING EXISTING TENANTS

Prequalification of the existing tenants in the development will allow you to determine who will be income eligible to occupy the housing units after the rehabilitation process is completed.

Prequalification will also help you determine if you have occupants who will become “displaced households” that will be able to claim permanent relocation benefits.

HOME regulations will not allow us to invest HOME money into a unit that is currently occupied by a tenant that is not within the income guidelines outlined in the HOME income standards.

If after careful consideration it becomes necessary and reasonable to “**permanently displace**” an existing over-income tenant household, be aware that the over-income household will then be entitled to full URA benefits.

Also, if a HOME household's post-rehab rent increases to an amount that is considered to be more than that household can afford as a direct result of the HOME funding, that household is also considered **“permanently displaced”** and would also be eligible for relocation benefits under URA

Lead Based Paint



Lead Based Paint

- The HOME program is impacted by HUD's Lead Safe Housing Regulations.

- This legislation is formally known as:

“Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance; Final Rule” (24 CFR, Part 35)

Lead Based Paint

- HUD has also issued “[interpretive guidance](#)” to Lead Safe Housing Regulations.
- The applicability of the various subparts of this regulation will depend upon the type of activity you are undertaking.

Lead Based Paint

- You are encouraged to read and become familiar with the subparts of this legislation that apply to your activity.
- Be aware that more than one subpart may apply. If this is the case, the most restrictive subpart takes precedence.

Lead Based Paint

- Project developer should become familiar with Subpart B (definitions of terms) and Subpart R (details specific requirements and procedures for reducing or abating lead-based paint hazards).

Section 504

- Protects people with disabilities or handicaps from discrimination in programs and activities that receive Federal financial assistance
- Individuals who have a physical/mental impairment that substantially limits one or more major life activities are covered

Accessibility Requirements

- New Construction 5% of the units must be accessible for the mobility impaired and 2% must be accessible for hearing or visually impaired (Minimum of 1 each)
- Substantial Rehab with 15 or more units 5% of the units must be accessible for the mobility impaired and 2% must be accessible for hearing or visually impaired (Minimum of 1 each)

Environmental

- **Completion** of the environmental review is required before you can draw any funds for your project
- The environmental requirements and process for your project will lengthen the time before your project will be able to move forward
- No Site-Limiting actions should be completed prior to receiving HUD Release of Funds

Q & A



To Submit Questions

If you have a question after the training,
please email: home@iowa.gov

- Questions must be submitted in writing so that responses can be published on the IFA HOME webpage each Friday, while the round is open.
- Only those questions responded to in writing can be relied on as the policy of the agency

DISCLAIMER

This presentation is intended as general information only and does not carry the force of legal opinion.

Navigating the Application

